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### REMARKS

In response to the Office Action mailed on March 24, 2003 and received in Application No. 09/939,782, please consider the following remarks and the above amendments. In the Office Action, all of the claims (Claims 1-36) were rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter. In addition, Claims 1-17, 21-33 and 35-36 were rejected under 35 U.S.C. §102(b) as being anticipated by U.S. Patent No. 5,717,989 to Tozzoli et al. ("Tozzoli"). Claims 18-20 and 34 were rejected under 35 U.S.C. §103(a) as being obvious over Tozzoli in view of Official Notice regarding the alleged use of industry standard global communications networks.

#### 35 U.S.C. §101

Patentable subject matter is defined by 35 U.S.C. §101. "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefore, subject to the conditions and requirements of this title." The Federal Circuit has interpreted 35 U.S.C. §101 as requiring an invention to fall into one of the process, machine, manufacture or composition of matter categories. "The plain and unambiguous meaning of §101 is that any invention falling within one of the four stated categories of statutory subject matter may be patented, provided it meets the other requirements for patentability set forth in Title 35, i.e., those found in §§ 102, 103 and 112, ¶2." *See State Street Bank & Trust Co. v. Signature Financial*, 149 F.3d 1368 at 1372 (Fed. Cir. 1998).

Also in *State Street Bank*, the Federal Circuit described three categories of nonpatentable subject matter namely, laws of nature, natural phenomena, and abstract ideas. *See, id.* at 1373. With respect to abstract ideas, the Federal Circuit reaffirmed that mere mathematical algorithms devoid of some "useful, concrete and tangible result" are specifically not patentable. *See, id.* The Manual of Patent Examining Procedure ("MPEP") reflects the Federal Circuit's decision by stating that the "purpose of this requirement is to limit patent protection that have a level of 'real world' value, as opposed to nothing more than an idea or concept." *See, MPEP* §2106 II. A. In addition,

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the MPEP proffers a stringent requirement for asserting a lack of utility under §101. "Office personnel have the burden to establish a *prima facie* case that the claimed invention as whole is **directed to solely an abstract idea or to manipulation of abstract ideas or does not produce a useful result**. Only when the claim is devoid of **any limitation to a practical application** in the technological arts should it be rejected under 35 U.S.C. 101," (emphasis added). *See, id.*

As a basis for the rejection under 35 U.S.C. §101 it was alleged in the Office Action that the claims of the present application are abstract concepts and therefore not patentable subject matter. "Mere nominal use of a component, albeit within the technological arts, does not confer statutory subject matter to an otherwise abstract idea if the component does not affect or effect the underlying process," at page 3, first paragraph.

The applicant respectfully disagrees. Each of the pending claims of the present application describes a system or method having a "useful, concrete and tangible result" as per the Federal Circuit's interpretation of the requirements of 35 U.S.C. §101. For instance, independent Claim 1 recites a system for delivering a package and completing a transaction between a purchaser and a seller.

As a whole, Claim 1 recites a system that is useful for coordinating information, payment funds and package flows to complete the transaction between the purchaser and seller. Each of the component systems also has one or more expressly recited capabilities that have a tangible, physical effect, such as movement of the package, movement of funds and the communication of information between systems. Further, the system of Claim 1 has a very practical purpose. For instance, the information system is capable of transmitting information, but with the express purpose of controlling the flow of funds and the package, which are real, tangible and physical things. Notably, the invention in contention in *State Street Bank* also involved the transfer of funds and was adjudged by the Federal Circuit to have a practical effect.

The remaining claims also recite systems or methods that do not solely rely on abstract ideas because they are capable of accomplishing, and have the requisite steps or

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structure to accomplish, a concrete, useful and tangible result. For example, each of the remaining independent claims (Claims 21, 25, 35 and 36) recite one or more systems or methods for controlling movement of packages, funds and information. In addition, all of the pending dependent Claims 2-20, 22-24 and 26-34 depend from a respective one of the independent claims and therefore also recite one or more systems or methods for controlling movement of packages, funds and information.

In the Office Action it was also alleged that the claims do not promote the technological arts "due to the omission of language that claims use of computer systems, communication systems, software or databases necessary to perform the business processes of the instant claims," at page 3, first paragraph. The applicant is not aware of any statutory, case law, or other authority that requires business method claims to include the description of specific computer components. In fact, the Federal Circuit has expressly held that business methods are patentable, overturning the previously-existing business method exception. "We take this opportunity to lay this ill-conceived exception to rest. Since its inception, the 'business method' exception has merely represented the application of some general, but no longer applicable legal principle." *See id.* at 1375. The applicant could not find any mention in *State Street Bank* conditioning the patentability of business inventions on the use of specific computer components.

As a result, the "technological arts" are not limited to the use of computers and can involve various business aspects. Therefore, there is no requirement that the claims must include language that describes the use of computer systems, communication systems, software or databases. The mere fact that the systems or methods of Claims 1-36 recite some business-oriented aspects does not push the systems or methods out of the boundaries of patentable subject matter, nor does it require description of specific computer components.

In summary, all of the pending Claims 1-36 recite a system or method that has a concrete, tangible result, such as coordinating package, funds and information flow. In addition, we are not aware of any current law that requires claims describing business

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aspects to also describe specific computer hardware components. Therefore, the rejection under §101 of all of the pending Claims 1-36 has been overcome.

**35 U.S.C. §§102(b) and 103(a)**

In the Office Action, each of the Claims 1-17, 21-33 and 35-36 were rejected under 35 U.S.C. §102(b) as being anticipated by Tozzoli. In addition, Claims 18-20 and 34 were rejected under 35 U.S.C. §103(a) as being obvious over Tozzoli in view of Official Notice regarding the alleged use of industry standard global communications networks

Tozzoli is generally directed to a trade system for facilitating a transaction between a buyer, a seller and a funder. The funder guarantees payment for transactions processed by the trade system between an approved buyer and a seller which satisfy the funder's predetermined criteria, as described at column 5, lines 36-39 of Tozzoli. In addition, the trade system verifies that each portion of the transaction properly relates to the purchase order and criteria established by the funder or trade system, which is referred to as a "filtering process," as described at column 5, lines 39-42. If filtering is successful, the system generates payment instructions "at appropriate times," as described at column 5, lines 42-43.

To obtain access to the system, companies wishing to act as buyers and sellers go through an application process with the funder. In particular, the funder compares buyer or seller profiles to a set of criteria, such as minimum annual revenue or years in business, as a condition of the buyer or seller gaining access to the system, as described at column 5, lines 46-60 of Tozzoli. Once the buyer or seller has access, the funder sets a credit limit for the buyer or seller, as described at column 5, lines 61-67.

After obtaining access to the system, a buyer may place orders to purchase goods from one or more sellers through the system. Each purchase order forms an electronic document and includes at least certain terms, such as a description of the goods, price, quantity and delivery times, as described at column 6, lines 32-37. The system filters

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purchase orders by comparing them to the screening criteria required by the funder and the trading system, as described at column 7, lines 34-38 of Tozzoli.

If the purchase order meets the criteria, the trade system can generate a payment guarantee on behalf of the funder, guaranteeing payment when the seller meets certain additional conditions, such as shipment of the goods by the seller. When the proposed purchase order meets the filtering criteria, the trade system forwards the purchase order in the form of data to the seller with an indication of the funder's payment guarantee, as described at column 7, lines 54-58.

The seller then creates electronic shipping documents including shipping instructions and a commercial invoice and filters the documents to ensure compliance with the original purchase order, as described at column 8, lines 47-56 of Tozzoli. Once the shipping documents are created, they are sent to the carrier or freight forwarder along with the goods, as described at column 8, lines 64-67. The carrier is provided a template by the system to create its own bill-of-lading which is screened against the original purchase order and then forwarded to the seller, the buyer and a buyer broker if involved, as described at column 9, lines 12-17.

The carrier then places the goods in transit to the buyer, as described at column 9, line 20 of Tozzoli. Once the goods are placed in transit 820 (as shown in Figure 3B of Tozzoli), a copy of the bill-of-lading is sent 860 (as shown in Figure 3C of Tozzoli) to the seller. Then, a funds transfer request 870 is sent to the seller's bank 880 and funds are transferred to the seller's bank, such as via a conventional credit card network or a third party electronic document interchange network.

As an alternative payment mechanism, the funder may transfer funds on behalf of the buyer to a bank holding a demand deposit account of the seller using a conventional electronic funds transfer network, as described at column 9, lines 31-37. As another alternative, the seller may produce an invoice which is transmitted to the buyer, and the buyer generates a payment advice document instructing its financial institution to transfer funds to the seller, as described at column 17, lines 17-25.

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After funds transfer, a funds transfer notification 890 is sent to the system and to the seller 910, as shown in Figure 3C of Tozzoli. In response to receiving notification of funds transfer to the seller, the system sends a copy of the bill-of-lading 940 to the buyer and an authorization to transfer goods 930 to the carrier. The authorization allows the carrier to release the goods to the buyer.

The present invention as recited in independent Claim 1 includes a delivery system for completing a transaction between a seller and a purchaser of a package. The delivery system includes a delivery service system capable of delivering the package from a first location to an intermediate location. In addition, the delivery service system is responsive to a hold command to hold the package and a release command to release the package. A payment system is configured to receive payment from the purchaser and transmit payment verification information. An information system of the delivery system of Claim 1 is configured to receive instructions to hold the package from one of the seller or purchaser and to transmit the hold command to the delivery service system. The information system is further capable of receiving payment verification from the payment system and sending a release command to the delivery service system.

Advantageously, the system recited in Claim 1 protects both the buyer, and the seller by holding the package subject to receipt of the payment. In particular, the system is capable of stopping movement of the package at the intermediate location using the delivery system and holding the package until payment has been received using the payment system. In this manner, if the purchaser were to fail to send payment, the package can be returned to the seller. Thus, the seller is assured that the goods are held at the intermediate location and will not reach the purchaser until payment has been received by the system.

Tozzoli, in contrast, discloses a system wherein payment is not independently held by the trade system, or any other independent system, and requires an extension of credit. Initially, the funder guarantees payment after a credit check and other screening procedures of the buyer. After the seller conveys the goods to the carrier and the carrier places the goods in transit to the buyer, one of three methods of payment are employed.

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Either 1) the funder makes a payment to the seller on the buyer's behalf, 2) a funds request is sent from the seller's bank to the buyer's bank, or 3) the buyer is sent payment instructions to pay the funds into the seller's bank.

In option 1, the funder has guaranteed payment and is obligated to make the payment to the seller on behalf of the buyer, and the buyer is obligated to pay the funder. Notably, Tozzoli in this respect is more similar to conventional letter-of-credit processes that require credit approval with a bank, or other agent of the buyer, that guarantees payment to the seller. In contrast, the payment system recited in Claim 1, which is independent of both the purchaser and the seller, receives an actual payment from the purchaser before the information system requests release of the package by the delivery service system. Advantageously, receipt of the actual payment by the payment system recited in Claim 1 allows transactions between purchasers and sellers without the lengthy credit screening and approval process of the funder described in Tozzoli.

In the latter two options 2 and 3 of Tozzoli, payment is made directly from the buyer to the seller. No party that is independent of both the buyer and seller holds the payment. Payments can be made between bank accounts, but the banks are providing a service as an agent of the buyer or seller and are therefore under the buyer or seller's control. As a result, in Tozzoli the seller would have direct access to the payment funds which places the buyer at greater risk of losing the funds to the seller. In contrast, the payment system of the present invention as described in Claim 1 is independent of both the purchaser and the seller. The purchaser in the system of Claim 1 is therefore not at risk of losing the payment to the seller. To clarify the differences between Claim 1 and Tozzoli, Claim 1 has been amended to recite that the delivery service, payment and information systems are independent of both the buyer and the seller, thereby ensuring that neither the buyer, nor the seller, is at risk.

Another difference between the system of Tozzoli and the present invention as recited in Claim 1 is that Tozzoli does not disclose a system capable of holding the goods at an intermediate location until payment has been made. Although Tozzoli describes submission of the goods to the carrier, payment of the seller by the buyer or funder and

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then release of the goods to the buyer, no mention is made of holding the goods at an intermediate location. Tozzoli does describe holding goods in response to an embargo "an embargo from one country to another may cause the system to automatically notify a carrier to hold a shipment." However, Tozzoli does not disclose or suggest holding the shipment at an intermediate location until payment for the goods. In Tozzoli, the package continues in transit while the buyer submits a payment to the seller.

With respect to the Official Notice, it was alleged that the Internet is an obvious variation of a network communication system. Without conceding the appropriateness of such an Official Notice, the Official Notice does not overcome Tozzoli's failure to teach or disclose holding a package by a delivery service system subject to receipt of an actual payment of funds by a payment system wherein the delivery service system and payment systems are independent of both the purchaser and the seller, as described in Claim 1.

Each of the remaining independent Claims 21, 25, 35 and 36 describes either a system or method of holding a package subject to receipt of a payment by an entity independent of both the purchaser and the seller. Therefore, Tozzoli fails to teach or suggest the present invention, alone or in combination with the Official Notice and the other references cited herein, and independent Claims 1, 21, 25, 35 and 36 are allowable. In addition, the remaining Claims 2-20, 22-24 and 26-34 each depend from, and further patentably distinguish, a respective one of the independent Claims 1, 21, 25, 35 and 36 and are also allowable over Tozzoli and the remaining references.

New Claim 37 has been added which recites a system embodying the present invention.

In view of the remarks and amendments presented above, it is respectfully submitted that claims of the present application are in condition for allowance. It is respectfully requested that a Notice of Allowance be issued in due course. The Examiner is requested to contact Applicants' undersigned attorney to resolve any remaining issues in order to expedite examination of the present application.

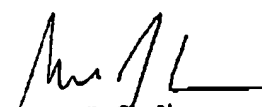
Authorization is granted to charge a fee for the addition of new Claim 37 to Deposit Account No. 16-0605. It is not believed that extensions of time or fees for net



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addition of claims are required beyond the fee for the addition of new Claim 37. However, in the event that additional extensions of time are necessary to allow consideration of this paper, such extensions are hereby petitioned under 37 CFR § 1.136(a), and any fee required therefore (including fees for net addition of claims) is hereby authorized to be charged to Deposit Account No. 16-0605.


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